

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7170

Petition of OptiCable, Inc., to abandon its cable)
television system in the Town of Readsboro, Vermont)

Order entered: 7/12/2006

I. INTRODUCTION

Opticable, Inc. ("OptiCable") holds a Certificate of Public Good from the Public Service Board ("Board") to provide cable television service in the Town of Readsboro, Vermont. On March 28, 2006, OptiCable filed a petition to abandon that service (the "Petition") pursuant to 30 V.S.A. § 505.

I convened a public hearing in Readsboro village that was attended by approximately 25 to 30 people, most of whom were current or former customers. Several speakers at the hearing complained of the poor service from the system, which appears to be in poor repair; others noted that termination of business by Opticable would cause them a financial hardship because any alternative will be more expensive. The loss of local programming for news and weather was also cited.

The Vermont Department of Public Service ("Department"), however, does not oppose OptiCable's petition. On June 23, 2006, OptiCable and the Department filed a stipulation (the "Stipulation") that contains representations as to facts that, by the terms of the Stipulation, may be incorporated into a Board order; in addition, three exhibits submitted by OptiCable in this docket are attached to the Stipulation, and the Stipulation provides that both they and the original Petition are made a part of the evidentiary record.

Pursuant to 30 V.S.A. § 8, and based on the record and evidence before me, I present the following findings of fact and conclusions of law to the Board.

II. FINDINGS

1. The number of subscribers to OptiCable's service in Readsboro has fallen from 130 in the year 2000 to 65 presently. Exh. OptiCable 1.

2. OptiCable's annual revenue has decreased from almost \$40,000 in 2000 to just less than \$24,000 in 2005. *Id.*

3. OptiCable has incurred an average loss in each of the past five years in excess of \$9,000. *Id.*

4. OptiCable's average negative cash flow in each of the last five years has been in excess of \$2,500. *Id.*

5. In previous years, OptiCable's owner was able to pay a small wage to the sole employee, even though there was a loss; however, in 2005 the system paid no wages and still had a loss of almost \$15,000. In addition, the owner loaned the system \$9,000 in cash in 2005. Exhs. Opticable 1 and 3.

6. Many satellite channels have minimum monthly fees, regardless of the number of subscribers. This makes programming more expensive for a very small system; the monthly cost for some channels is as much as 100% higher than the cost to a larger system. Exh. OptiCable 2.

7. The lease for the property where OptiCable's satellite dishes are located has expired. The cost to move the dishes to another site would be approximately \$15,000. Petition.

8. The owner of OptiCable has sought a buyer for the cable system but has been unable to find a purchaser, even at a nominal (\$1) price. Petition.

9. OptiCable promises to remove all cables, equipment, and satellite dishes at its expense if the Petition is approved. OptiCable also promises to provide proof to the Board, within sixty days of approval of the Petition, that removal has been completed. Stipulation.

10. OptiCable promises to notify all subscribers, in writing, of the approval of its Petition at least twenty-one days prior to terminating service. Stipulation.

11. Witnesses at the public hearing explained that, because the village is located in a narrow valley, reception of broadcast and satellite signals is difficult or impossible. Several witnesses also explained that they are on limited incomes and would have difficulty affording satellite service. Transcript of May 31, 2006, public hearing.

12. OptiCable's abandonment of service in Readsboro is consistent with the public interest. Stipulation.

III. DISCUSSION AND CONCLUSION

Readsboro village, where most or all of the subscribers to the system are located, is situated in a very narrow valley, which makes it impossible to receive off-the-air television and difficult for some subscribers to receive signals via satellite dishes. In addition, many of the subscribers to the system have fixed or limited incomes, and switching to satellite service may be a hardship. However, to even continue to provide service the system would need to raise rates substantially. To make up the \$15,000 shortfall in revenues experienced in 2005, for instance, each of the 65 customers would need to pay another \$20 per month (see finding 5, above). This would likely drive more customers off the system, leading to more shortfalls and further increases. Even this does not provide a return to the owner nor a salary for his services, nor does it address the need to move the headend to another location. The OptiCable system appears to be in a death spiral, and the owner cannot be expected to continue to operate at a loss indefinitely. Cable television systems are not regulated as public utilities.¹ Even if they were, this system would not be viable under normal cost-based regulation. I therefore conclude, somewhat reluctantly, that the Board should approve the Petition and permit OptiCable to abandon service in the Town of Readsboro.

OptiCable and the Department have waived service of this Proposal for Decision in accordance with 3 V.S.A. § 811.

Dated at Montpelier, Vermont, this 12th day of July, 2006.

s/John P. Bentley

John P. Bentley, Esq.
Hearing Officer

1. 47 U.S.C. § 541(c).

IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The Findings and Conclusion of the Hearing Officer are adopted.
2. The Petition of OptiCable, Inc., to abandon service in the Town of Readsboro is approved.
3. OptiCable, Inc., shall give its customers at least twenty-one (21) days' notice, in writing, of its intent to terminate service.
4. OptiCable, Inc., must remove all cables, equipment, and satellite dishes from all premises in Readsboro, and must provide proof to this Board of such removal within sixty (60) days of this Order.

Dated at Montpelier, Vermont, this 12th day of July, 2006.

<u>s/James Volz</u>)	
)	
)	PUBLIC SERVICE
<u>s/David C. Coen</u>)	
)	BOARD
)	
<u>s/John D. Burke</u>)	OF VERMONT

OFFICE OF THE CLERK

FILED: July 12, 2006

ATTEST: s/Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.